



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CASEY COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Ronald D. Wright, County Judge/Executive

Honorable David H. Johnson, Former County Judge/Executive

Members of the Casey County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Casey County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Casey County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Casey County, Kentucky prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Casey County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Ronald D. Wright, County Judge/Executive

Honorable David H. Johnson, Former County Judge/Executive

Members of the Casey County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Casey County, Kentucky, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying findings and questioned costs, included herein, which discusses the following areas of noncompliance:

- The County Should Have A Written Agreement To Protect Deposits
- Jail Renovation Money Of \$9,729 Should Be Returned To Juvenile Justice Center Fund

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 1999 on our consideration of Casey County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
December 14, 1999

CASEY COUNTY OFFICIALS

Fiscal Year Ended June 30, 1999

| | |
|--------------------|----------------------------------|
| Ronald D. Wright | County Judge/Executive |
| Thomas M. Weddle | County Attorney |
| Eva S. Miller | County Clerk |
| Nina R. Overstreet | Circuit Court Clerk |
| Robert M. Weddle | Sheriff |
| Tommy Miller | Jailer |
| Johnny Beard, Jr. | Property Valuation Administrator |
| Tony M. Price | County Treasurer |
| Thomas Clark | Coroner |
| Herbert C. Carman | Magistrate |
| Jeff Thomas | Magistrate |
| Anthony Buis | Magistrate |
| Gary Johnson | Magistrate |

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

CASEY COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets

| | |
|--|--------------------------|
| General Fund: | |
| Cash | \$ 224,988 |
| Road and Bridge Fund: | |
| Cash | 5,446 |
| Jail Fund: | |
| Cash | 3,400 |
| Jail Commissary Fund: | |
| Cash | 1,347 |
| Local Government Economic Assistance Fund: | |
| Cash | 22,402 |
| Juvenile Justice Center Fund: | |
| Cash | 204,764 |
| Investments | 143,906 |
| 911 Fund: | |
| Cash | 26,984 |
| 911 Grant Fund: | |
| Cash | 102,276 |
| Payroll Revolving Account-Due From Other Funds | <u>1,198</u> |
| Total Assets | <u><u>\$ 736,711</u></u> |

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
June 30, 1999
(Continued)

Liabilities and Fund Balances

Liabilities

| | | |
|--|----|-------|
| Payroll Revolving Account - Cash Overdraft | \$ | 1,198 |
|--|----|-------|

Fund Balances

Reserved:

| | |
|------------------------------|---------|
| Jail Commissary Fund | 1,347 |
| Juvenile Justice Center Fund | 348,670 |
| E-911 Fund | 26,984 |
| E-911 Grant Fund | 102,276 |

Unreserved:

| | |
|---|---------------|
| General Fund | 224,988 |
| Road and Bridge Fund | 5,446 |
| Jail Fund | 3,400 |
| Local Government Economic Assistance Fund | <u>22,402</u> |

| | | |
|-------------------------------------|-----------|----------------|
| Total Liabilities and Fund Balances | <u>\$</u> | <u>736,711</u> |
|-------------------------------------|-----------|----------------|

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

CASEY COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

| <u>Cash Receipts</u> | <u>Totals</u> <u>(Memorandum</u> <u>Only)</u> | <u>General</u> <u>Fund</u> | <u>Road and</u> <u>Bridge</u> <u>Fund</u> | <u>Jail Fund</u> |
|---|---|-------------------------------|---|-------------------|
| Schedule of Operating Revenue | \$ 3,607,818 | \$ 924,956 | \$ 1,993,653 | \$ 64,846 |
| Transfers In | 727,270 | | 65,000 | 369,000 |
| Kentucky Advance Revenue Program | 536,730 | 288,730 | 248,000 | |
| Total Cash Receipts | <u>\$ 4,871,818</u> | <u>\$ 1,213,686</u> | <u>\$ 2,306,653</u> | <u>\$ 433,846</u> |
| <u>Cash Disbursements</u> | | | | |
| Comparative Schedule of Final Budget and Budgeted Expenditures | \$ 3,708,469 | \$ 570,486 | \$ 2,191,665 | \$ 431,167 |
| Transfers Out | 727,270 | 670,896 | | |
| Kentucky Advance Revenue Program Repaid | 536,730 | 288,730 | 248,000 | |
| Total Cash Disbursements | <u>\$ 4,972,469</u> | <u>\$ 1,530,112</u> | <u>\$ 2,439,665</u> | <u>\$ 431,167</u> |
| Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements | \$ (100,651) | \$ (316,426) | \$ (133,012) | \$ 2,679 |
| Cash Balance-July 1, 1998* | <u>836,164</u> | <u>541,414</u> | <u>138,458</u> | <u>721</u> |
| Cash Balance-June 30, 1999* | <u>\$ 735,513</u> | <u>\$ 224,988</u> | <u>\$ 5,446</u> | <u>\$ 3,400</u> |

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

| Jail Commissary Fund | Local Government Economic Assistance Fund | Juvenile Justice Center Fund | Community Development Block Grant Fund | 911 Fund | 911 Grant Fund |
|----------------------------|---|---------------------------------------|---|---------------------|-------------------|
| \$ | \$ 13,610 | \$ 2,377 201,896 | \$ 410,754 | \$ 38,972 91,374 | \$ 158,650 |
| <u>\$ 0</u> | <u>\$ 13,610</u> | <u>\$ 204,273</u> | <u>\$ 410,754</u> | <u>\$ 130,346</u> | <u>\$ 158,650</u> |
| \$ | \$ 95 | \$ | \$ 411,694 | \$ 103,362 | \$ 56,374 |
| <u>\$ 0</u> | <u>\$ 95</u> | <u>\$ 0</u> | <u>\$ 411,694</u> | <u>\$ 103,362</u> | <u>\$ 56,374</u> |
| \$ 0 1,347 | \$ 13,515 8,887 | \$ 204,273 144,397 | \$ (940) 940 | \$ 26,984 0 | \$ 102,276 0 |
| <u>\$ 1,347</u> | <u>\$ 22,402</u> | <u>\$ 348,670</u> | <u>\$ 0</u> | <u>\$ 26,984</u> | <u>\$ 102,276</u> |

CASEY COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Casey County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Casey County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1, 2000.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the East Casey County Water District is considered a related organization of Casey County Fiscal Court.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.21 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

CASEY COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480 (1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The depository institution has pledged or provided sufficient collateral, and the depository institution's board of directors or loan committee approved the pledge or provision. However, the depository institution did not have a written agreement with the county securing the county's interest in the collateral.

Note 4. Lease-Purchase Agreement

The county has entered into the following lease-purchase agreement:

| Description | Annual Payment | Terms of Agreement | Ending Date | Principal Balance June 30, 1999 |
|-------------------------------|-------------------|-----------------------|----------------|---------------------------------------|
| 16 Electronic Voting Machines | \$ 30,074 | 3 Years | 07/05/2000 | <u>\$ 55,126</u> |

Note 5. Related Party Transactions

The fiscal court paid \$6,583 from January 4, 1999 through June 30, 1999 to Wright's Implement for road maintenance supplies and a forklift purchased with PRIDE grant funds. Wright's Implement is owned by the County Judge/Executive's sister and sister-in-law. The county's code of ethics states "no county officer, county employee, or immediate family member of the officer or employee, shall have an interest in a business, or engage in any business, transaction, or activity, which is in substantial conflict with the proper discharge of the public duties of the officer or employee." It further defines "immediate family member" as spouse, child, or person claimed as dependent for tax purposes; therefore, the County Judge/Executive is not in violation of the county's code of ethics. Furthermore, the County Judge/Executive removed himself from fiscal court meetings that involved Wright's Implement transactions. On February 21, 2000, the Casey County Board of Ethics confirmed there was no violation of the code.

Note 6. Insurance

For the fiscal year ended June 30, 1999, Casey County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

CASEY COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

| <u>Budgeted Funds</u> | Budgeted Operating Revenue | Actual Operating Revenue | Over (Under) Budget |
|---|----------------------------------|--------------------------------|---------------------------|
| General Fund | \$ 877,079 | \$ 924,956 | \$ 47,877 |
| Road and Bridge Fund | 2,002,502 | 1,993,653 | (8,849) |
| Jail Fund | 49,759 | 64,846 | 15,087 |
| Local Government Economic Assistance Fund | 7,062 | 13,610 | 6,548 |
| Community Development Block Grant Fund | 450,000 | 410,754 | (39,246) |
| 911 Fund | 238,000 | 38,972 | (199,028) |
| Totals | <u>\$ 3,624,402</u> | <u>\$ 3,446,791</u> | <u>\$ (177,611)</u> |

Reconciliation

| | |
|---|---------------------|
| Total Budgeted Operating Revenue Above | \$ 3,624,402 |
| Add: Budgeted Prior Year Surplus | 849,213 |
| Add: Budgeted Borrowed Money | <u>24,611</u> |
| Total Operating Budget Per Comparative Schedule | |
| Of Final Budget and Budgeted Expenditures | <u>\$ 4,498,226</u> |

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SCHEDULE OF OPERATING REVENUE

CASEY COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

| | Totals (Memorandum Only) | General Fund | Road and Bridge Fund | Jail Fund |
|--|--------------------------------|-----------------|----------------------------|-----------|
| <hr/> | | | | |
| Revenue From Local Taxes <u>and Excess Fees</u> | | | | |
| Sheriff: | | | | |
| Taxes | \$ 207,750 | \$ 207,750 | \$ | \$ |
| Excess Fees-1998 | 944 | 944 | | |
| Excess Fees-1997 | 1,314 | 1,314 | | |
| County Clerk: | | | | |
| Deed Transfer Tax | 15,131 | 15,131 | | |
| Occupational Licenses | 605 | 605 | | |
| Delinquent Taxes | 3,881 | 3,881 | | |
| Excess Fees-1998 | 81,142 | 81,142 | | |
| Tangible Personal Property Taxes: | | | | |
| Other Counties | 2,479 | 2,479 | | |
| County Clerk | 38,311 | 38,311 | | |
| Omitted Tangible | 113 | 113 | | |
| Occupational Employment Tax | 338,784 | 338,784 | | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Totals | \$ 690,454 | \$ 690,454 | \$ 0 | \$ 0 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>U.S. Treasurer</u> | | | | |
| Appalachian Regional Commission | | | | |
| Grant-911 Equipment | \$ 157,568 | \$ 0 | \$ 0 | \$ 0 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>Federal Receipts - State Treasurer</u> | | | | |
| Community Development Block | | | | |
| Grants- | | | | |
| Disaster Recovery Initiative | \$ 2,844 | \$ 2,844 | \$ | \$ |
| Windsor/Rocky Ford Water | | | | |
| Expansion Project | 410,754 | | | |
| PRIDE Grant | 3,000 | 3,000 | | |
| Disaster and Emergency Assistance | | | | |
| Grant-Coordinator Salary | 2,583 | 2,583 | | |

CASEY COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

| Local Government Economic Assistance Fund | Juvenile Justice Center Fund | Community Development Block Grant Fund | 911 Fund | 911 Grant Fund |
|---|---------------------------------------|---|-----------------|-------------------|
| <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>911 Fund</u> | <u>Grant Fund</u> |

| | | | | |
|----|----|----|----|----|
| \$ | \$ | \$ | \$ | \$ |
|----|----|----|----|----|

| | | | | | | | | | |
|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|
| <u>\$</u> | <u>0</u> | <u>\$</u> | <u>0</u> | <u>\$</u> | <u>0</u> | <u>\$</u> | <u>0</u> | <u>\$</u> | <u>0</u> |
|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|

| | | | | | | | | | |
|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------------|
| <u>\$</u> | <u>0</u> | <u>\$</u> | <u>0</u> | <u>\$</u> | <u>0</u> | <u>\$</u> | <u>0</u> | <u>\$</u> | <u>157,568</u> |
|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------------|

| | | | | |
|----|----|----|----|----|
| \$ | \$ | \$ | \$ | \$ |
|----|----|----|----|----|

410,754

CASEY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

| | Totals (Memorandum Only) | General Fund | Road and Bridge Fund | Jail Fund |
|--|--------------------------------|-----------------|----------------------------|-----------|
| <u>Federal Receipts-State Treasurer</u> | | | | |
| (Continued) | | | | |
| Federal Disaster and Emergency Services/Emergency Management Agency Reimbursement- | | | | |
| 1997 Severe Weather | \$ 1,128 | \$ | \$ 1,128 | \$ |
| 1998 Snow Removal | 1,481 | | 1,481 | |
| Totals | \$ 421,790 | \$ 8,427 | \$ 2,609 | \$ 0 |
| <u>Kentucky State Treasurer</u> | | | | |
| Jail: | | | | |
| Allotments | \$ 36,157 | \$ | \$ | \$ 36,157 |
| Medical Allotments | 3,347 | | | 3,347 |
| Driving Under The Influence Fees | 4,531 | | | 4,531 |
| Housing Juveniles | 10,943 | | | 10,943 |
| County Road Aid | 774,193 | | 774,193 | |
| Emergency Road Aid | 400,000 | | 400,000 | |
| Rural Secondary Road Aid | 556,181 | | 556,181 | |
| Truck License Distribution | 161,449 | | 161,449 | |
| Election Expense Reimbursement | 7,650 | 7,650 | | |
| Courthouse Rental-AOC | 22,440 | 22,440 | | |
| Drivers License Refund | 1,328 | | 1,328 | |
| Mineral Tax | 13,200 | | | |
| Grants: | | | | |
| Disaster and Emergency Assistance- | | | | |
| Coordinator Salary | 1,303 | 1,303 | | |
| 1997 Severe Weather | 4,513 | | 4,513 | |
| 1998 Snow Removal | 5,922 | | 5,922 | |
| Senate Bill 66 | 6,641 | 6,641 | | |
| Casey County Community Center | 110,000 | 110,000 | | |
| Casey County Fire Department Communication Network | 10,000 | 10,000 | | |
| Totals | \$ 2,129,798 | \$ 158,034 | \$ 1,903,586 | \$ 54,978 |

CASEY COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

| Local Government Economic Assistance Fund | Juvenile Justice Center Fund | Community Development Block Grant Fund | 911 Fund | 911 Grant Fund |
|---|---------------------------------------|---|----------|-------------------|
| \$ | \$ | \$ | \$ | \$ |
| \$ 0 | \$ 0 | \$ 410,754 | \$ 0 | \$ 0 |
| \$ | \$ | \$ | \$ | \$ |
| 13,200 | | | | |
| \$ 13,200 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

CASEY COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

| | Totals (Memorandum Only) | General Fund | Road and Bridge Fund | Jail Fund |
|------------------------------|--------------------------------|-----------------|----------------------------|-----------|
| <u>Miscellaneous Revenue</u> | | | | |
| Interest | \$ 39,718 | \$ 20,786 | \$ 14,763 | \$ 162 |
| Circuit Court Clerk: | | | | |
| Jail Cost | 4,625 | | | 4,625 |
| Incarceration Fees | 1,175 | | | 1,175 |
| Medical Co-payments | 30 | | | 30 |
| Bail Bond Fees | 242 | | | 242 |
| Work Release | 3,104 | | | 3,104 |
| Home Incarceration | 30 | | | 30 |
| Advertising Fees | 522 | 522 | | |
| Licenses and Permits: | | | | |
| Solid Waste Franchise | 11,750 | 11,750 | | |
| Cable TV Franchise | 7,151 | 7,151 | | |
| 911 Telephone Commission | 38,834 | | | |
| Clinic Building Maintenance | 4,000 | 4,000 | | |
| Surplus Sales | 72,208 | | 72,208 | |
| Uniform Rental | 445 | | 445 | |
| Dog Tag Sales | 147 | 147 | | |
| County Attorney | 7 | 7 | | |
| Telephone Commission | 27 | 27 | | |
| Recycling Fees | 691 | 691 | | |
| Clinic Building Rent | 15,200 | 15,200 | | |
| Reimbursements | 8,287 | 7,745 | 42 | 500 |
| Miscellaneous Items | 15 | 15 | | |
| Totals | \$ 208,208 | \$ 68,041 | \$ 87,458 | \$ 9,868 |
| Total Operating Revenue | \$ 3,607,818 | \$ 924,956 | \$ 1,993,653 | \$ 64,846 |

CASEY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

| Local Government Economic Assistance Fund | Juvenile Justice Center Fund | Community Development Block Grant Fund | 911 Fund | 911 Grant Fund |
|---|---------------------------------------|---|------------------|-------------------|
| \$ 410 | \$ 2,377 | \$ | \$ 138 | \$ 1,082 |
| | | | 38,834 | |
| <u>\$ 410</u> | <u>\$ 2,377</u> | <u>\$ 0</u> | <u>\$ 38,972</u> | <u>\$ 1,082</u> |
| <u>\$ 13,610</u> | <u>\$ 2,377</u> | <u>\$ 410,754</u> | <u>\$ 38,972</u> | <u>\$ 158,650</u> |

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

CASEY COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

| | <u>Final</u> <u>Budget</u> | <u>Budgeted</u> <u>Expenditures</u> | <u>Under</u> <u>(Over)</u> <u>Budget</u> |
|-----------------------------------|-------------------------------|--|--|
| <u>GENERAL FUND</u> | | | |
| <u>General Government</u> | | | |
| Office of County Judge/Executive: | | | |
| Salaries- | | | |
| County Judge/Executive | \$ 18,517 | \$ 15,662 | \$ 2,855 |
| Deputy County Judge/Executive | 527 | 203 | 324 |
| Secretaries | 12,736 | 8,011 | 4,725 |
| Office Materials and Supplies | 825 | 817 | 8 |
| Insurance Fidelity Bond- | | | |
| County Judge/Executive | 650 | | 650 |
| Deputy County Judge/Executive | 350 | | 350 |
| Telephone | 1,314 | 1,055 | 259 |
| Expenses | 1,211 | 1,211 | |
| Office of County Attorney: | | | |
| Salaries- | | | |
| County Attorney | 6,836 | 6,836 | |
| Secretaries | 15,972 | 13,860 | 2,112 |
| Rental Space | 2,100 | 2,100 | |
| Office Materials and Supplies | 1,164 | | 1,164 |
| Telephone | 1,019 | 344 | 675 |
| Office of County Clerk: | | | |
| Deputy Salary | 4,536 | 4,536 | |
| Reimbursement | 1,300 | 1,300 | |
| Office of Sheriff: | | | |
| Salaries- | | | |
| Deputies | 14,000 | 14,000 | |
| Dispatchers | 16,010 | 15,170 | 840 |
| Gasoline | 2,300 | 1,317 | 983 |
| Bond | 500 | 457 | 43 |
| Telephone | 1,900 | | 1,900 |
| Materials and Supplies | 875 | 365 | 510 |

CASEY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
|---|-----------------|--------------------------|---------------------------|
| <u>GENERAL FUND</u> (Continued) | | | |
| <u>General Government</u> (Continued) | | | |
| Office of County Coroner: | | | |
| Salaries- | | | |
| County Coroner | \$ 6,106 | \$ 6,106 | \$ |
| Deputy Coroner | 2,074 | 2,074 | |
| Expenses | 2,942 | 2,907 | 35 |
| Fiscal Court: | | | |
| Magistrates Salaries | 18,614 | 18,614 | |
| Advertising | 725 | 493 | 232 |
| Travel | 479 | 479 | |
| Office of Property Valuation Administrator: | | | |
| Statutory Contribution | 11,300 | 10,872 | 428 |
| Office of Board of Assessment Appeals: | | | |
| Per Diem | 400 | 400 | |
| Office of County Treasurer: | | | |
| County Treasurer Salary | 2,829 | 2,829 | |
| Bond | 500 | 500 | |
| Office of Tax Administrator: | | | |
| Occupational Tax Administrator | 12,613 | 12,613 | |
| County Law Library: | | | |
| Law Librarian Salary | 1,210 | 1,210 | |
| Elections: | | | |
| Per Diem- | | | |
| Election Commissioners | 1,420 | 1,420 | |
| Election Officers | 9,438 | 9,438 | |
| Rental and Polling Places | 4,322 | 4,322 | |
| Voting Machine Preparation | 5,851 | 5,851 | |
| Printing and Advertising | 15,136 | 15,119 | 17 |
| Miscellaneous Expense | 2,011 | 2,011 | |
| Voting Machine Lease Payment | 30,075 | 30,075 | |

CASEY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
|---|-----------------|--------------------------|---------------------------|
| <u>GENERAL FUND</u> (Continued) | | | |
| <u>General Government</u> (Continued) | | | |
| Courthouse: | | | |
| Janitor Salary | \$ 15,769 | \$ 15,769 | \$ |
| Contract Maintenance | 400 | 245 | 155 |
| Renewals and Repairs | 15,000 | 13,154 | 1,846 |
| Materials and Supplies | 1,099 | 1,099 | |
| Utilities | 13,923 | 12,927 | 996 |
| Other County Properties: | | | |
| Maintenance | 9,988 | 9,988 | |
| <u>Protection to Persons and Property</u> | | | |
| Disaster and Emergency Services: | | | |
| Coordinator Salary | 8,170 | 8,165 | 5 |
| Telephone | 127 | 127 | |
| Rescue Squad | 2,000 | 2,000 | |
| Office Materials and Supplies | 1,555 | 692 | 863 |
| Volunteer Fire Departments | 12,000 | 12,000 | |
| Ambulance Service: | | | |
| Grant | 7,324 | 6,641 | 683 |
| Forestry Fire Protection: | | | |
| Forest Resource Service | 3,100 | 2,960 | 140 |
| Office of Public Defender: | | | |
| Public Advocacy Fund | 1,777 | 1,776 | 1 |
| <u>General Health and Sanitation</u> | | | |
| Dog Control: | | | |
| Contract With Other Counties | 570 | | 570 |
| Dog Warden Salary | 4,839 | 4,839 | |
| Food and Supplies | 500 | 14 | 486 |
| Dog Tag Fees | 200 | 121 | 79 |
| Miscellaneous | 213 | 213 | |

CASEY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
|--|-----------------|--------------------------|---------------------------|
| <u>GENERAL FUND</u> (Continued) | | | |
| <u>General Health and Sanitation</u> (Continued) | | | |
| Solid Waste Collection: | | | |
| Solid Waste Collection | \$ 2,500 | \$ 2,414 | \$ 86 |
| Office Supplies | 500 | | 500 |
| Recycling Program: | | | |
| Equipment | 16,100 | 3,000 | 13,100 |
| <u>Social Services</u> | | | |
| Senior Citizens Program: | | | |
| Contribution | 3,649 | | 3,649 |
| <u>Recreation and Culture</u> | | | |
| Parks: | | | |
| General Services | 111,191 | 110,000 | 1,191 |
| <u>Debt Service</u> | | | |
| Kentucky Advance Revenue Program: | | | |
| Interest | 6,327 | 6,327 | |
| <u>Administration</u> | | | |
| General Services: | | | |
| Auction Fees and Services | 5,384 | 4,665 | 719 |
| Audits | 7,000 | 4,633 | 2,367 |
| Insurance Expense | 22,633 | 22,631 | 2 |
| Dues | 3,913 | 3,202 | 711 |
| LCADD Dues | 1,010 | 982 | 28 |
| KACO Membership Dues | 1,050 | 1,050 | |
| Miscellaneous | 24,209 | 24,708 | (499) |
| Contingent Appropriations: | | | |
| Reserve for Transfers | 774 | | 774 |

CASEY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
|------------------------------------|-----------------|--------------------------|---------------------------|
| <u>GENERAL FUND</u> (Continued) | | | |
| <u>Administration</u> (Continued) | | | |
| Fringe Benefits: | | | |
| County Contributions- | | | |
| Social Security | \$ 27,331 | \$ 26,244 | \$ 1,087 |
| Retirement | 44,293 | 43,432 | 861 |
| Worker's Compensation | 8,334 | 8,305 | 29 |
| Unemployment Insurance | 1,600 | 1,586 | 14 |
| Total Operating Budget | \$ 619,039 | \$ 570,486 | \$ 48,553 |
| Other Financing Uses: | | | |
| *Kentucky Advance Revenue Program- | | | |
| Principal | 302,641 | 288,730 | 13,911 |
| Total General Fund | \$ 921,680 | \$ 859,216 | \$ 62,464 |

ROAD AND BRIDGE FUND

General Government

| | | | |
|-----------------------------------|-----------|-----------|--------|
| Office of County Judge/Executive: | | | |
| Salaries- | | | |
| County Judge/Executive | \$ 39,351 | \$ 38,414 | \$ 937 |
| Deputy Judge/Executive | 1,119 | 916 | 203 |
| Secretaries | 27,067 | 16,842 | 10,225 |
| Office Supplies | 4,273 | 4,273 | |
| Bond | 211 | | 211 |
| Telephone | 1,776 | 1,754 | 22 |
| Office of County Attorney: | | | |
| Salaries- | | | |
| County Attorney | 17,931 | 17,746 | 185 |
| Secretaries | 16,414 | 16,298 | 116 |
| Rental Space | 2,100 | 2,100 | |
| Office Supplies | 723 | | 723 |
| Telephone | 1,019 | 919 | 100 |

CASEY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
|---|-----------------|--------------------------|---------------------------|
| <u>ROAD AND BRIDGE FUND (Continued)</u> | | | |
| <u>General Government (Continued)</u> | | | |
| Fiscal Court: | | | |
| Magistrates Salaries | \$ 29,068 | \$ 28,969 | \$ 99 |
| Advertising | 4,560 | 1,781 | 2,779 |
| Bond | 400 | | 400 |
| Office of County Treasurer: | | | |
| County Treasurer's Salary | 5,692 | 5,692 | |
| Bond | 400 | 261 | 139 |
| <u>General Health and Sanitation</u> | | | |
| Flood Control Projects | 2,844 | | 2,844 |
| <u>Roads</u> | | | |
| Office of Road Supervisor: | | | |
| Salaries- | | | |
| Road Supervisor | 25,000 | 22,735 | 2,265 |
| Addressing Coordinator | 7,800 | 7,708 | 92 |
| Secretary | 26,207 | 26,207 | |
| Telephone | 519 | 519 | |
| Road Maintenance: | | | |
| Road Workers Salaries | 212,000 | 181,222 | 30,778 |
| Crushed Stone | 230,229 | 223,658 | 6,571 |
| Diesel Fuel | 25,000 | 18,848 | 6,152 |
| Garage Supplies | 4,000 | | 4,000 |
| Gasoline | 5,000 | 4,396 | 604 |
| General Construction | 273,686 | 261,353 | 12,333 |
| Lubricants | 65,000 | 61,084 | 3,916 |
| Machinery and Equipment | 2,000 | | 2,000 |
| Road Maintenance Supplies | 1,103,277 | 1,091,250 | 12,027 |
| Concrete Pipe | 7,500 | 880 | 6,620 |
| Metal Pipe | 12,000 | 7,987 | 4,013 |
| Signs | 7,000 | 4,034 | 2,966 |
| Tires and Tubes | 9,000 | 7,904 | 1,096 |
| Uniform Rental | 4,000 | 2,141 | 1,859 |

CASEY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
|---|-----------------|--------------------------|---------------------------|
| <u>ROAD AND BRIDGE FUND</u> (Continued) | | | |
| <u>Roads</u> (Continued) | | | |
| Road Maintenance (Continued): | | | |
| Office Equipment | \$ 3,000 | \$ | \$ 3,000 |
| <u>Debt Service</u> | | | |
| Kentucky Advance Revenue Program: | | | |
| Interest | 5,426 | 5,426 | |
| Leases: | | | |
| Equipment Purchases | 1,500 | 1,500 | |
| <u>Administration</u> | | | |
| General Services: | | | |
| Audit | 7,500 | 1,685 | 5,815 |
| Insurance Expense | 50,000 | 48,583 | 1,417 |
| Telephone Expense | 1,000 | 677 | 323 |
| Utilities | 3,150 | 2,021 | 1,129 |
| Maintenance Agreement | 5,000 | | 5,000 |
| Miscellaneous Expense | 1,000 | 150 | 850 |
| Contingent Appropriations: | | | |
| Reserve for Budget Transfers | 6,000 | | 6,000 |
| Fringe Benefits: | | | |
| County Contributions- | | | |
| Retirement | 37,195 | 26,375 | 10,820 |
| Social Security | 32,895 | 25,608 | 7,287 |
| Worker's Compensation | 38,166 | 18,379 | 19,787 |
| Unemployment Insurance | 15,184 | 3,370 | 11,814 |
| Total Operating Budget | \$ 2,381,182 | \$ 2,191,665 | \$ 189,517 |

CASEY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
|---|-----------------|--------------------------|---------------------------|
| <u>ROAD FUND</u> (Continued) | | | |
| Other Financing Uses: | | | |
| *Kentucky Advance Revenue Program- | | | |
| Principal | \$ 250,018 | \$ 248,000 | \$ 2,018 |
| Total Road and Bridge Fund | \$ 2,631,200 | \$ 2,439,665 | \$ 191,535 |
| <u>JAIL FUND</u> | | | |
| <u>Protection to Persons and Property</u> | | | |
| Office of Jailer: | | | |
| Personnel Services- | | | |
| Salaries- | | | |
| Jailer | \$ 22,400 | \$ 22,397 | \$ 3 |
| Deputy Jailers | 28,908 | 28,381 | 527 |
| Chief Deputy Jailer | 8,092 | 8,092 | |
| Operations- | | | |
| Bond | 203 | 203 | |
| Routine Medical | 13,500 | 13,060 | 440 |
| Pharmaceuticals | 7,127 | 6,920 | 207 |
| Utilities | 2,500 | 2,027 | 473 |
| Staff Training | 315 | 315 | |
| Travel | 5,900 | 5,638 | 262 |
| Telephone | 4,198 | 4,198 | |
| Contracts With Other | | | |
| Counties | 227,613 | 227,613 | |
| Vehicle Expense | 2,574 | 2,188 | 386 |
| Contracts With Other | | | |
| Counties-Juveniles | 35,009 | 35,009 | |
| Motor Vehicle Expense | 1,000 | 644 | 356 |
| Pharmaceuticals-Juveniles | 100 | 54 | 46 |
| Juvenile Travel | 13,300 | 12,953 | 347 |
| Miscellaneous Operating Expense | 1,000 | 904 | 96 |
| Maintenance- | | | |
| Renewals and Repairs | 50,839 | 50,839 | |

CASEY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
|--|-----------------|--------------------------|---------------------------|
| <u>JAIL FUND (Continued)</u> | | | |
| <u>Administration</u> | | | |
| General Services: | | | |
| Association Dues | \$ 350 | \$ | \$ 350 |
| Fringe Benefits: | | | |
| County Contributions- | | | |
| Retirement | 5,210 | 4,776 | 434 |
| Social Security | 5,005 | 4,956 | 49 |
| Total Jail Fund | \$ 435,143 | \$ 431,167 | \$ 3,976 |
| <u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u> | | | |
| <u>Protection to Persons and Property</u> | | | |
| Fire Protection | \$ 10,000 | \$ 95 | \$ 9,905 |
| Emergency Dispatch Service: | | | |
| Communication Equipment | 5,862 | | 5,862 |
| Total Local Government Economic Assistance Fund | \$ 15,862 | \$ 95 | \$ 15,767 |
| <u>JUVENILE JUSTICE CENTER FUND</u> | | | |
| <u>Protection to Persons and Property</u> | | | |
| Juvenile Detention: | | | |
| General Construction Materials | \$ 359,000 | \$ 0 | \$ 359,000 |
| <u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u> | | | |
| <u>Capital Projects</u> | | | |
| Other Capital Projects: | | | |
| Water Transport Lines | \$ 450,000 | \$ 411,694 | \$ 38,306 |

CASEY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
|---|-----------------|--------------------------|---------------------------|
| <u>911 FUND</u> | | | |
| <u>Protection to Persons and Property</u> | | | |
| Emergency Dispatch Service: | | | |
| Staff Salaries | \$ 22,500 | \$ 10,189 | \$ 12,311 |
| Fringe Benefits: | | | |
| County Contributions- | | | |
| Social Security | 1,700 | 747 | 953 |
| Retirement | 1,800 | 342 | 1,458 |
| Supplies | 3,000 | 118 | 2,882 |
| Renewals and Repairs | 3,000 | 592 | 2,408 |
| Equipment | 206,000 | 91,374 | 114,626 |
| Total 911 Fund | \$ 238,000 | \$ 103,362 | \$ 134,638 |
| Total Operating Budget-All Funds | \$ 4,498,226 | \$ 3,708,469 | \$ 789,757 |
| Other Financing Uses: | | | |
| Kentucky Advance Revenue Program- | | | |
| Principal | 552,659 | 536,730 | 15,929 |
| TOTAL BUDGET - ALL FUNDS | \$ 5,050,885 | \$ 4,245,199 | \$ 805,686 |

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Ronald D. Wright, County Judge/Executive
Honorable David H. Johnson, Former County Judge/Executive
Members of the Casey County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Casey County Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 14, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Casey County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Casey County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Ronald D. Wright, County Judge/Executive
Honorable David H. Johnson, Former County Judge/Executive
Members of the Casey County Fiscal Court
Report On Compliance And On Internal Control Over Financial Reporting Based On
An Audit Of Financial Statements Performed In Accordance With Government
Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 14, 1999

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Ronald D. Wright, County Judge/Executive
Honorable David H. Johnson, Former County Judge/Executive
Members of the Casey County Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Casey County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. Casey County's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Casey County's management. Our responsibility is to express an opinion on Casey County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Casey County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Casey County's compliance with those requirements.

In our opinion, Casey County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Casey County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Casey County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Honorable Ronald D. Wright, County Judge/Executive
Honorable David H. Johnson, Former County Judge/Executive
Members of the Casey County Fiscal Court
Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance (Continued)

The management of Casey County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Casey County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed –
December 14, 1999

FINDINGS AND QUESTIONED COSTS

CASEY COUNTY
FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Casey County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Casey County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award programs for Casey County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Casey County reported in Part C of this schedule.
7. The program tested as a major program was Community Development Block Grant Program – Windsor/Rocky Ford Water Expansion Project, CFDA # 14.228
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Casey County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None

NONCOMPLIANCES

The County Should Have A Written Agreement To Protect Deposits

The county maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480 (1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. As of June 30, 1999, the county had bank deposits of \$669,196; FDIC insurance of \$300,000; and collateral pledged or provided of \$2,300,000. Even though the county obtained sufficient collateral of \$2,300,000, there was no written agreement between the county and the depository institution, signed by both parties, securing the county's interest in the collateral. We recommend the county enter into a written agreement with the depository institution to secure the county's interest in the collateral pledged or provided by the depository institution. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Management's Response:

This agreement was obtained December 3, 1999.

CASEY COUNTY
FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 1999
(Continued)

Jail Renovation Money of \$9,729 Should Be Returned To Juvenile Justice Center Fund

In the prior years' audit reports, we reported the county received \$400,000 from the state and made a deposit to the Juvenile Justice Center Fund. House Bill 379, of the 1996 legislative session, appropriated these funds for jail renovations. During fiscal year ended June 30, 1997, the county transferred \$102,625 of the Juvenile Justice Center Fund to the Jail Fund to provide cash flow for jail operating expenses and \$89,000 to the General Fund for general operating expenses. During fiscal year ended June 30, 1998, an additional \$20,000 was transferred from the Juvenile Justice Center Fund to the Jail Fund to provide cash flow for jail operating expenses. In the prior year, we recommended \$211,625 be returned to the Juvenile Justice Center Fund for use in jail renovation. As of June 30, 1999, \$201,896 had been transferred from the General Fund to the Juvenile Justice Center Fund, resulting in a remaining balance of \$9,729 due the Juvenile Justice Center Fund. We recommend \$9,729 be returned to the Juvenile Justice Center Fund as soon as possible.

Management's Response:

A transfer will be made at the December fiscal court meeting.

PRIOR YEAR FINDINGS

In the prior year, the county did not have a written agreement with the depository institution to protect deposits. This finding is not corrected and has been reported above. In addition, we reported the county should return \$211,625 of jail renovation money transferred to the General Fund and Jail Fund to the Juvenile Justice Center Fund. The county has transferred \$201,896 to the Juvenile Justice Center Fund, leaving a balance of \$9,729 still due as reported above.

C. FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CASEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1999

| Federal Grantor Program Title <u>Grant Name (CFDA #)</u> | <u>Pass-Through Grantor's Number</u> | <u>Expenditures</u> |
|--|--|---------------------|
| <u>Cash Programs</u> | | |
| <u>National Oceanic and Atmospheric Administration</u> | | |
| Passed-Through Eastern Kentucky PRIDE, Inc. PRIDE Community Grant Program (CFDA #11.469) | NA86AB0266 | \$ 3,000 |
| <u>U.S. Appalachian Regional Commission</u> | | |
| Direct Program: Appalachian Regional Commission Grant-911 System Enhancements (CFDA #23.002) | KY-12421-96 | 91,374 |
| <u>U.S. Department of Housing and Urban Development</u> | | |
| Passed-Through State Department of Local Government: Community Development Block Grant- Windsor/Rocky Ford Water Expansion Project (CFDA #14.228) (Note 3) | B-95-DC-21- 0001 (010) | 411,694 |
| <u>U.S. Federal Emergency Management Agency</u> | | |
| Passed-Through State Department of Military Affairs: Disaster and Emergency Assistance Grant- Coordinator Salary (CFDA #83.503) | Not Available | 2,583 |
| Total Cash Expenditures of Federal Awards | | <u>\$ 508,651</u> |

See notes to the schedule of expenditures of federal awards.

CASEY COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1999

Note 1 - Basis of Presentation

This schedule is presented on a cash basis.

Note 2 - The federal expenditures for Community Development Block Grant - Windsor/Rocky Ford Water Expansion Project include payments to the following subrecipient:

| <u>Subrecipient</u> | <u>Number</u> | <u>Pass-through Grant Amount</u> |
|-------------------------------------|--------------------------|--------------------------------------|
| East Casey County Water District | B-95-DC-21- 0001(010) | <u>\$ 411,694</u> |

Note 3 - During fiscal year ended June 30, 1999, the county disbursed \$411,694 of Community Development Block Grant funds to the East Casey County Water District, a subrecipient of the county's federal financial assistance. These funds were monitored by the county and an audit was performed on East Casey County Water District for year ended December 31, 1998 in accordance with OMB Circular A-133 by England and Hensley, CPAs, in March 1999.

**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

CASEY COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
CASEY COUNTY FISCAL COURT

The Casey County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Ronald D. Wright
County Judge/Executive



Tony M. Price
County Treasurer